

Memorandum of an Understanding With Aldred

MEMORANDUM OF an understanding between
J. E. Aldred, of Montreal, and the undersigned members of
the Committee representing First Mortgage Bonds of the
McCall Ferry Power Company, under a Preliminary Agreement
dated December 7, 1908, a copy of which is attached hereto

The following is a Plan of Reorganization, as
respects capitalization, approved by the parties hereto,
to wit:

A new company to be formed, to be called
"Pennsylvania Power Company", or some other appropriate
name, or the old company to be continued if deemed advisa-
ble by the parties hereto; the new company to be capital-
ized, or the old company to be recapitalized, as the case
may be, as follows:

Capital stock, par value	\$8,500,000.
First Mortgage 30-year 5% coupon Gold Bonds, dated July 1, 1909	
Authorized - - - - -	\$12,500,000.
To be immediately available,-----	7,500,000.

The new bonds and stock to be used as follows:

Bondholders of the McCall Ferry Power Company,
being holders of bonds outstanding of the par value of
\$8,325,000. shall receive 40% of old bonds in new bonds,
and 60% of old bonds in new stock.

Total amount of new bonds and stock to be so used:

Bonds	\$3,330,000.
Stock,	4,995,000.

To be used for construction and other corporate
purposes of the new company or the old company, as the
case may be:

Bonds.	\$4 000,000
Stock,	3,500,000.

(2)

\$170,000. par value, of bonds, being the balance of new bonds above designated as immediately available and not appropriated for use, shall be included in the bonds to be sold as hereinafter provided, and the proceeds (that is, \$153,000) shall be used, as far as may be necessary in the discretion of the Committee, in meeting reorganization expenses and in making settlement with the floating debt of the Company hereinafter mentioned other than the secured indebtedness of \$400,000 hereinafter described. Any balance not so used shall be paid over to the new Company, or to the old Company, as the case may be.

Said secured indebtedness is represented by an obligation of the Susquehanna Contracting Company, amounting at its face value to \$400,000. which is secured by a claim upon a deposit in the Knickerbocker Trust Company amounting to \$250,000 (but the application of which to the payment of such secured debt has not yet been settled); and by \$702,000. par value, of First Mortgage Bonds of the McCall Ferry Power Company, and by a mortgage on real estate near McCall Ferry for the principal sum of about \$25,000. Provision shall be made for the payment of such secured indebtedness, and upon its payment the security therefor shall be assigned to the new company or to the old company, as the case may be, with the exception of the bonds, which shall be cancelled.

Said floating debt, provision for the settlement of which is to be made as above provided, does not, it is understood, exceed \$250,000.

(3)

The Committee will use its best efforts to have the above plan approved by the bondholders of the McCall Ferry Power Company in an amount sufficient to insure the carrying out of the Plan.

Mr. Aldred will use his best efforts to sell \$4,170,000 of new bonds at 90% of their par value, being the bonds above designated for construction and other corporate purposes, and for the Committee's uses as above understood, and the said \$3,500,000. of stock shall go to him for use in connection with the sale of such bonds, or otherwise, as he may determine.

The Bondholders of the McCall Ferry Power Company shall have the privilege of subscribing to \$1,000,000. (or to any part thereof) of the new bonds so to be sold by Mr. Aldred, at 90% of their par value, with a common stock bonus equal to 50% of the par value of the bonds so subscribed for.

It is understood that all stock shall be placed in a voting trust for three years from November 1st, 1909 (that is, until November 1st, 1912) and voting trust certificates issued therefor, to be used as above in place of the stock. Two of the trustees in such voting trust shall be nominated by Mr. Aldred and one by the Committee.

It is understood that all parties to this memorandum shall proceed with diligence, and that this understanding shall remain in force for thirty days from date, and thereafter, until cancelled by either party upon ten days' notice to the other.

Dated, April 24, 1909.

W. Aldred } *Committee*
W. B. ...
W. B. ...
Gardner M. Lane

Aldred's Affidavit

ALDRED STATEMENT

During the past two and a half years I have been consulted from time to time on various phases of the study being made by the Pennsylvania Water & Power Company to determine its original cost. During this time I have examined many of the documents and much of the correspondence covering the period from my first contact with the development at McCall's Ferry (now Holtwood) in late 1908 until the end of 1912 when the voting trust was dissolved and the stockholders assumed the ultimate responsibility for the management of the company.

The following statement is a composite of facts from existing data supplemented by my own recollections from personal knowledge of affairs during that period and deals largely with those portions which are not self-evident from the data.

For more than a year prior to my first personal contact with the McCall Ferry Power Company, various plans had been studied by those interested in that company, whereby the plant could be finished and the enterprise put on a paying basis. The increase in the capacity of the development made the original financing inadequate and the panic of 1907 had interfered with the proposal to sell additional bonds. It became evident, in the fall of 1908, that the company would probably have to undergo some sort of reorganization in order to secure the necessary additional capital to insure success for the project.

I had been active in the financing, development

-2-

and management of the Shawinigan Water and Power Company which was then in successful operation, and probably for that reason was one of those approached to assist the McCall Ferry Power Company. Late in October, 1908, Mr. C. A. Coffin, then President of the General Electric Company, arranged for me to meet with some of the people who were attempting to work out a plan to salvage the McCall Ferry enterprise. These men were working on a number of plans for rehabilitating the company. I declined to take part in any plan unless a reorganization was effected which would materially reduce the company's existing capitalization and fixed charges.

It then became apparent that no arrangements could be made in time to avoid default on the bond interest due December 15, 1908. By the latter part of November, it was agreed that a reorganization was essential and that a Bondholders' Protective Committee should be formed to secure the deposit of bonds pending further negotiations. A call for the deposit of bonds was made on December 7, 1908 by a committee composed of Wm. M. Barnum, A. C. Bedford, S. R. Bertron, C. A. Coffin and G. M. Lane, all of whom had been active in the enterprise and were familiar with its affairs.

During the next four and a half months the Bondholders' Committee was negotiating with various interests, including myself, who were presenting different plans for reorganizing and refinancing the enterprise, each with the hope that their plan would be acceptable to the Committee.

-3-

I devised several programs during my examination of the company's affairs to determine the one which would be acceptable to the old bondholders and yet be liberal enough to insure success of the sale of securities for the necessary new money. I considered it essential to reduce fixed charges to a proper point so that there might be no danger of again throwing the company into receivership.

On April 6, 1909, I submitted a plan to the Reorganization Committee, proposing a reorganization of McCall Company and abrogation of the existing power contracts. Under this plan, the reorganized company would authorize a total issue of

\$8,500,000. First Mortgage 5% 30 Year Bonds
\$8,500,000. Common Stock

The old bondholders were to exchange their bonds on a par basis, receiving one-third in new bonds and two-thirds in new stock. Additional money was to be raised by the sale of \$4,000,000. par of bonds at 90 with a 50% bonus in stock, there being sufficient authorized shares in the above capitalization to permit compensation to the underwriters in the form of common stock. The plan finally adopted provided for an exchange of old bonds for 40% in new bonds and 60% in new stock.

The Committee desired to secure my services until the plant was in successful operation. The various plans submitted for consideration had caused a difference of opinion and considerable opposition from some of the bondholders

-4-

and particularly from the common stockholders. It was, therefore, deemed expedient by the Committee to temporarily concentrate control in a voting trust and so far as practicable to bring in new personnel familiar with this type of project.

In addition to the common stock for bonus for the new money bonds and that necessary for the bankers' compensation, as provided in the above capitalization, the Committee stipulated as a part of my plan that I, in consideration of 5,000 shares of stock, would become the active manager of the Company during construction and until the expiration of the proposed voting trust, by which time it was expected that the first group of units would be in service and satisfactory power contracts obtained for their output. I delivered a relatively small amount of the 5,000 shares to engineers whom I had consulted on the feasibility of completing the development and making it a profitable enterprise. Inasmuch as my compensation was to be in common stock and my reputation was staked on the outcome of the project, it was agreed that I should have the right to select two of the three members of the voting trust. It was gratifying to me that after the expiration of the voting trust, the stockholders (a majority of whom were the old bondholders) saw fit to retain me as head of their company.

Before entering into a definite agreement with the Bondholders' Committee which was executed on April 24, 1909, I had had a careful examination made of the McCall Company

-5-

assets. We had the benefit of the various engineering reports prepared prior to my contact with the enterprise. In addition to this, both Mr. H. S. Holt and I made a personal examination of the plant and I had Mr. R. S. Kelsch make an examination and report. Mr. Julian C. Smith, General Superintendent of the Shawinigan Company, also submitted a report. Mr. Kelsch was a Consulting Engineer in Montreal and I had a great deal of respect for both his judgment and that of Mr. Holt.

After carefully considering the situation with Messrs. Wood and Holt, we became convinced that it would be difficult to underwrite all of the new money bonds promptly in America and that it would be necessary to dispose of a large part of them abroad. We had expected the old bondholders to take approximately a million par of the new money bonds but were able to interest them in only half that amount. I, therefore, communicated with Kitcat & Aitken of London, who had assisted in financing the Shawinigan project, and I subsequently went to London to discuss the matter. It was agreed that they would secure underwriting for half of the bonds not taken by the old bondholders and that Messrs. Wood, Holt and myself would dispose of the other half in United States and Canada.

Based on the various engineering reports and the experience of others familiar with hydroelectric projects, the Reorganization Committee as well as the Board of Directors of the reorganized company determined the value of

-6-

the plant, property, water rights and power development to be in excess of \$12,000,000. For all the assets of the McCall Company, \$3,753,000. in cash or equivalent and my obligations to manage the enterprise until November 1, 1912, the Pennsylvania Water & Power Company subsequently issued \$7,500,000. par value of its bonds and \$8,495,000. par value of its common stock. This was set forth in a plan submitted to the bondholders under date of May 28, 1909 which was ultimately accepted by all except the owners of 66 bonds.

In addition to the 5,000 shares which I received, 30,000 shares were available to go with the new money bonds and for the bankers' compensation for underwriting them. Kitcat & Aitken of London received 4,575 as the commission agreed upon with me for disposing of \$1,835,000. of bonds. Mr. E. R. Wood received 1,525 shares, Mr. H. S. Holt, 1,500 shares, and I received 1,550 as our proportional shares for disposing of another \$1,835,000. of bonds. The old bondholders took \$500,000. of bonds in addition to those exchanged. No bankers' commission was paid on this block.

Arrangements were made with those furnishing the new money so that cash would be available to resume construction prior to the formation of the reorganized company, thus reducing the period in which the funds of the old bondholders and the company itself would be tied up without return. In addition to the construction, this cash enabled me to settle on favorable terms various claims outstanding

-7-

against the company, aggregating approximately half a million dollars, and to purchase the 66 bonds not deposited. Both of these materially reduced the hazards of extensive litigation and protracted hearings which would have delayed conveyance of the property to the new company, as well as creating additional expense.

On July 17, 1909 I had been made Receiver of the old company. The activities of a Receiver of a non-operating company are necessarily limited and the scope of the Bondholders' Committee did not warrant the assumption of obligations and responsibility beyond the safeguarding of the interests of the Bondholders. To expedite the work at the plant and to induce the manufacturers of the equipment to resume their work, it became incumbent on me to enter into a number of contracts personally. Among these were contracts for cement, sand and stone for construction, as well as a contract with the Empire Engineering Corporation to carry on the construction work. In addition, I made personal contracts with I. P. Morris Company for completion of the turbines; with General Electric Company for work on the generators, switchboard and transformers, and with the York Bridge Company for gates. These contracts were subsequently turned over to the Pennsylvania Water & Power Company without profit to me as I deemed them part of the managerial services rendered by me in putting the company on a sound operating basis before expiration of the voting trust. Technical difficulties and delays in the manufac-

-8-

ture and delivery of the equipment required much of my personal attention to secure the equipment when necessary.

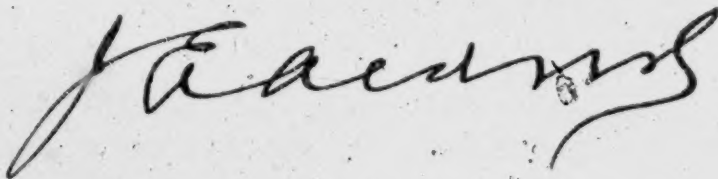
I secured capable and efficient engineering personnel, which materially reduced the cost of engineering as compared to that of the old company. I also began negotiations for new power contracts and was successful in securing two satisfactory contracts in Baltimore and one in Lancaster before termination of the voting trust. All of them required a large amount of attention and effort on my part.

The difficulties which were encountered in securing proper delivery of equipment and in having it installed in time to meet the obligations of the power contracts were greater than I had anticipated. Once installed, some of the equipment failed to operate properly, transformers burned out, generator bearings failed, and a great many other difficulties of this character were encountered. These entailed negotiating complicated adjustments with the manufacturers. The terms of the power contracts had to be worked out to assure mutual understanding and satisfaction. There is nothing in our present day power developments comparable to the technical difficulties encountered in the early days at Holtwood because the industry has undergone vast development and technical progress. In those days, much less was known about power plant equipment and transmission than we know today.

It appears to me that what I have set forth.

-9-

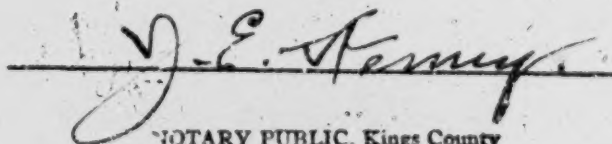
supplements existing data sufficiently to give a clear understanding of the reorganization period and that further explanation would merely be a repetition of available data which are self-evident.



STATE OF NEW YORK)
COUNTY OF NEW YORK)

Before me, a Notary Public in and for the State of New York, County of New York, personally appeared J. E. Aldred, who being duly sworn acknowledged that he signed the above instrument in my presence.

WITNESS my Hand and Official Seal this 27th day of December 1939.



NOTARY PUBLIC, Kings County
Kings Co. Clk's No. 100, Reg. No. 225
N. Y. Co. Clk's No. 338, Reg. No. 0K203
Commission Expires March 30, 1940

Kitcat & Aitken Underwriting Agreement

An Agreement

made the 27th day of May 1909

Between MESSRS. KITCAT & AITKEN of 120 Bishopsgate Street Within in the City of London (hereinafter called "Managers") of the one part and THE SEVERAL PERSONS who shall sign this Agreement or counterparts thereof as participants in the Syndicate intended to be hereby formed and shall be accepted by the Managers as participants (hereinafter called "the Subscribers") of the other part.

WHEREAS the McCall Ferry Power Company (hereinafter called "the McCall Company") was incorporated in the United States of America in the year 1905 to develop a water power situate at McCall's Ferry on the Susquehanna River and supply power to the surrounding cities.

AND WHEREAS the McCall Company fell into financial difficulties in the year 1907 and the works were shut down and have not been completed.

AND WHEREAS the outstanding obligations of the McCall Company consist of (1) \$8,325,000 of bonds (part of a total authorised issue of \$10,000,000) (2) an indebtedness of \$400,000 secured by a claim against a deposit of \$250,000 in the Knickerbocker Trust Company and collaterally secured by the deposit of a further \$702,000 of the said bonds of the McCall Company beyond the \$8,325,000 of such bonds above mentioned and (3) certain floating indebtedness.

AND WHEREAS J. E. Aldred of Montreal has undertaken to use his best endeavours to reorganize the McCall Company on a basis of which the following is a general outline, viz.:—A Company (hereinafter called "the Company") is to be formed under the laws of Pennsylvania U.S.A. to take over the undertaking of the McCall Company and complete the development work with a capital of \$8,500,000 of common stock and an authorised bond issue of \$12,500,000 of which \$7,500,000 are to be immediately issued leaving \$5,000,000 in the treasury of the Company. The \$8,325,000 of outstanding bonds of the McCall Company are to be satisfied as to 40 per cent. in bonds of the Company and 60 per cent. in common stock of the Company absorbing ~~\$5,325,000~~^{\$5,330,000} of bonds and \$4,995,000 of common stock and leaving \$4,170,000 of bonds of the Company available for issue for raising the funds required for settling with the said floating indebtedness and the said secured indebtedness of \$400,000 and for meeting the expenses of reorganization and the completion of the development work and the working capital required by the

Company. The said J. E. Aldred is to procure these \$4,170,000 of bonds (less \$500,000 part thereof which are to be subscribed by the existing bondholders of the McCall Company) to be subscribed at 90 per cent. of their face value and is to receive for his services and for use by him in getting the said bonds subscribed a block of fully-paid common stock of the Company. The necessary foreclosure proceedings required for carrying through the above reorganization scheme are to be taken forthwith and the said J. E. Aldred is to be appointed in such proceedings Receiver of the McCall Company and to forthwith proceed with the development work raising the money required therefor by the issue of Receiver's certificates which will rank as a charge on the undertaking of the McCall Company in priority to the existing bonds and all other charges thereon and will on the scheme being carried through be exchanged for bonds of the Company at the rate of \$100 of bonds for each \$90 of Receiver's certificates.

AND WHEREAS the Managers have agreed with the said J. E. Aldred to form a Syndicate which will subscribe for \$1,835,000 of the said bonds of the New Company when formed at 90 per cent. of their face value and in the meantime will make advances to him as Receiver of the McCall Company on Receiver's certificates for carrying on the development work and in consideration thereof they are to receive from the said J. E. Aldred part of the said block of common stock of the Company receivable by him for undertaking the reorganization as hereinbefore mentioned.

AND WHEREAS it is part of the said scheme of reorganization that the whole of the common stock of the Company shall (in order to ensure continuity of development and management of the undertaking) be placed for three years from the 1st November 1909 in a voting trust with three trustees (of whom two are to be nominated by the said J. E. Aldred) and be held in the names of such trustees who will issue in respect thereof voting trust certificates which will represent such common stock and be used in place thereof.

Now in consideration of the premises and of the mutual promises herein contained the Managers hereby agree with the subscribers and each of them and each of the subscribers for himself severally (but not jointly) hereby agrees with the Managers and each of the other subscribers as follows namely:—

1. The Syndicate hereby formed shall consist of the subscribers each of whom shall be interested therein to the amount of his participation set opposite to his name in the schedule to this Agreement. The total available participation in

the Syndicate shall be \$1,835,000. The Managers may themselves be subscribers for a participation of any amount. Participation in the Syndicate shall rest in the sole discretion of the Managers.

2. The Managers shall be the Managers of the Syndicate and shall on behalf of the Syndicate subscribe for the said \$1,835,000 of bonds of the New Company when formed and in the meantime make advances to the Receiver against such Receiver's certificates as hereinbefore mentioned. For the purpose of enabling them to do so payments shall be made by each subscriber through the agency of the Bank of Scotland 19 Bishopsgate Street Within London E.C. by the following instalments:—

£20	11	0	per \$1,000 of bonds on 1st June 1909	...	...	= 10 per cent.
£41	1	11	" " " " on the 1st July 1909	...	...	= 20 " "
£41	1	11	" " " " on the 1st September 1909	...	...	= 20 " "
£41	1	11	" " " " as and when called by the Managers on 30 days' notice expiring not earlier than 1st January 1910	...	...	} = 20 " "
£41	1	11	" " " " as and when called by the Managers on 30 days' notice expiring not earlier than 1st March 1910	...	...

£184 18 8 per \$1,000 of bonds (par value £205 9s. 8d.) 90 per cent.

All the instalments aforesaid shall carry interest at 5 per cent. per annum from the 1st July 1909 such interest to be paid by the Managers to the subscribers when the Managers receive payment of such interest from the Company.

3. The total sum payable by each subscriber is limited to 90 per cent. of the nominal amount of his participation and each subscriber shall be liable only to the extent of that sum and to the Managers their successors and assigns only and nothing herein contained shall constitute the subscribers partners with one another or with the Managers or except as provided in Clauses 7 and 8 hereof render any subscriber liable to pay or contribute in any event more than such sum as aforesaid.

4. Interest at 6 per cent. per annum will be payable to the Managers on all instalments in arrear and the failure of any subscriber to punctually pay any sum or instalment payable by him as aforesaid on the due date for payment thereof or to perform any other of his obligations hereunder shall (in addition to rendering him liable to the Managers for any loss or damage thereby occasioned to them or

to the Syndicate) entitle the Managers to forfeit on behalf of the Syndicate his participation in the Syndicate and all instalments previously paid by him and to exclude him from all further interest or participation in the Syndicate and to allot his participation to any other person or otherwise dispose thereof on behalf of the Syndicate as they think fit. Such failure of any subscriber shall not however affect or release any other subscriber.

5. All monies paid by the subscribers as aforesaid or advanced on their behalf as hereafter mentioned shall be forwarded by the Managers to America and paid over by them in America to the Company against delivery to them in America of bonds of the Company (or temporary bonds if the engraved bonds are not then ready for delivery) at the rate of \$100 of bonds (or temporary bonds) for each \$90 paid over: Provided that until the said scheme of reorganization of the McCall Company has been carried through the Managers may advance the whole or any part of the monies aforesaid to the Receiver of the McCall Company against Receiver's certificates to be issued by him to the Managers and others making similar advances and carrying interest at such rate as may be arranged provided only that the Managers shall be advised that such Receiver's certificates will rank as a first charge on the property and assets of the McCall Company in priority to the existing bonds of that Company. Any Receiver's certificates so issued to the Managers shall be held by them until the said scheme of reorganization is carried through when the same shall be exchanged for bonds or temporary bonds of the Company at the rate of \$100 of bonds for each \$90 of Receiver's certificates.

6. During the continuance of the Syndicate all bonds of the Company delivered to and received by the Managers as aforesaid will be retained by them and deposited to their order with the Bank of Scotland or their agents. At any time during the continuance of the Syndicate the Managers shall be entitled (subject as hereinafter mentioned as regards bonds withdrawn from sale by subscribers) without any consent and notwithstanding any dissent by the subscribers or any of them to sell on behalf of the Syndicate either by private treaty or by public issue and at such price and on such terms as they shall think fit and either in England America or elsewhere all or any part of the said bonds and to pay brokerage underwriting overriding and other commissions in connection with any such sale or issue and generally to adopt such methods as they think fit for effecting such sale: Provided always that no bonds shall be sold except upon such terms and at such prices that the net

proceeds of sale of the bonds sold remaining after payment of all expenses of and incident to such sale shall be at least 90 per cent. of the face value of the bonds sold plus any interest accrued thereon up to the date of sale.

7. The Managers shall not be entitled to sell by private treaty the bonds of any subscriber who on application for his participation notified the Managers that he desired to withdraw his bonds from sale but they shall be entitled notwithstanding such notice to include such bonds in any public issue of bonds made by them. Provided that if they shall do so they shall give to each subscriber who has so withdrawn (hereinafter called "a non-selling subscriber") whose bonds are to be included in such public issue seven days' notice at least of their intention specifying the amount of his bonds intended to be included in such issue the price of issue and the rate of any commissions (whether overriding or underwriting) being paid on such issue and stating that in the event of his applying firm for the whole of his bonds and paying up such sum as will with the instalments already paid by him make up the price at which the public issue is made before some date to be named in the notice he will be entitled to an allotment of such bonds upon the terms of the public issue and also to be paid the same (if any) underwriting and/or overriding commissions in respect of his bonds as are being paid to other underwriters in connection with such issue.

8. The bonds allotted to each such non-selling subscriber shall go in special relief of his subscription and shall not be deemed to be subscriptions by the public as between such subscriber and any other underwriters. Any non-selling subscriber who shall so subscribe and pay for and be allotted his said bonds shall have credited to him by the Managers in or towards payment of the price payable by him therefor on the said public issue any instalments or sums previously paid by him in respect of his participation and shall be relieved from liability to pay the remaining instalments (if any) due in respect of the participation in the Syndicate but on the termination of the Syndicate the non-selling subscribers shall only be entitled to participate in the assets of the Syndicate available for distribution after the other subscribers have had returned to them the instalments paid up on their respective participations with the accrued interest thereon the intention being that in order that the bonds of a non-selling subscriber may be included in any quotation for the bonds that may be obtained on the Stock Exchange he shall be bound to allow his bonds to be included in any public issue that may be made by the Managers and bear his proper proportion of any expenses thereof.

9. On the termination of the Syndicate the assets thereof after paying all the liabilities and all costs charges and expenses properly payable hereunder shall be applied by the Managers:—

(a) In repaying to each subscriber the amount paid up by him on his participation with accrued interest (if any) less the amount (if any) for which he may already have received credit under the last preceding clause hereof.

(b) The balance of such assets (representing the profit of the Syndicate) shall be distributed amongst the subscribers *pro rata* according to their respective participations.

Provided always that on a distribution of the assets any unsold bonds shall be treated as being worth 90 per cent. of the face value thereof plus accrued interest (if any) and as far as possible be applied at that value in repaying to the non-selling subscribers the amounts paid up on their participations and the balance of the unsold bonds shall only be applied in repayment of the amounts paid up on the participations of the other subscribers so far as the cash assets of the Syndicate are not sufficient to repay the same.

And provided also that for the purpose of the division referred to in Sub-clause (b) of this Clause the nominal amount of the participation in the Syndicate of any subscriber to whom bonds have been allocated under this Clause shall be reduced by the nominal amount of such bonds.

10. If the proposed scheme for the reorganization of the McCall Company shall not for any reason be successfully carried through then on the termination of the Syndicate any certificates issued by the Receiver of the McCall Company and held by the Managers and any cash paid up by the subscribers and not already advanced by the Managers to the Receiver of the McCall Company shall be distributed by the Managers *pro rata* amongst the subscribers in proportion to their participations and the subscribers shall have no further claim whatsoever against the Managers in respect of their participations in the Syndicate or otherwise howsoever.

11. The Managers shall be entitled at any time after they shall have received delivery of all the said \$1,835,000 of bonds or after they shall be satisfied that the proposed scheme for reorganization of the McCall Company will not be successfully carried through to terminate the Syndicate by notice in writing to the subscribers. In default of earlier notice of termination being given as

aforesaid the Syndicate shall terminate on the 1st July 1910 unless the Managers shall previously to that date by notice in writing to the subscribers postpone the termination of the Syndicate for a further period not exceeding six calendar months in which case the Syndicate shall continue until the expiration of such further period unless previously determined by the Managers by notice to the subscribers.

12. The Managers will issue to each subscriber upon payment by him of the instalment payable in respect of his participation on the 1st July 1909 a certificate under their hands certifying that he will be entitled to delivery of bonds to the amount of his participation on the termination of the Syndicate on payment of the remaining instalments payable by him in respect of his participation subject nevertheless to the terms of this Agreement: Provided that in any case where such a certificate is issued to a subscriber the Managers may refuse to make any payment or to deliver any bonds or other securities to the subscriber or to permit him to exercise any rights as a subscriber hereunder unless he shall if and whenever required by the Managers so to do produce such certificate to them and permit them to endorse thereon such notice as they think fit of such payment or delivery having been made or such right having been exercised as aforesaid.

13. In consideration of the subscribers joining the Syndicate the Managers shall out of the common stock of the Company receivable by them from the said J. E. Aldred as hereinbefore recited pay to each subscriber the following bonus namely—To each subscriber who avails himself of the arrangements made by the Managers as hereinafter mentioned for the financing of subscribers by certain banks a bonus equal to 30 per cent. of his participation in the Syndicate. And to each subscriber who does not avail himself of such arrangement a bonus equal to 40 per cent. of his participation. Such bonuses shall be payable in voting trust certificates representing common stock of the Company issued by the Trustees of the voting trust to be created as hereinbefore mentioned and shall be payable to each subscriber upon payment by him of the instalment payable in respect of his participation on the 1st September 1909 or on such later date as the said voting trust certificates shall be ready for delivery.

14. The Managers have arranged with certain banks to advance to any subscriber (if individually acceptable to the bank) the amount of the instalments payable by him hereunder in respect of his participation in the Syndicate other than the instalments payable on allotment upon the security of his personal

obligation as well as of his participation in the Syndicate and of all bonds securities or moneys to become payable to him in respect thereof (but exclusive of the bonus of common stock of the Company to which such subscriber will become entitled hereunder and which he will remain entitled to receive notwithstanding his availing himself of the arrangement so made). All sums so advanced by the banks will be advanced by paying the said instalments on behalf of the subscribers to the account of the Managers at the Bank of Scotland and such sums will be repayable by the subscriber on the 1st July 1910 or on the earlier termination of the Syndicate with interest at 5 per cent. per annum. Any subscriber desiring to avail himself of such arrangement must give notice of the fact when he signs this Agreement and will have to execute such personal obligation as aforesaid and to pay all stamp duties payable in respect of his advance including the cost of stamping any bonds or other securities delivered by the Managers to the Bank in respect of the participation of such subscriber in the Syndicate.

15. As regards any subscriber availing himself of the aforesaid arrangement the Managers shall (notwithstanding any notice to the contrary from such subscriber) be entitled to treat the bank making advances on his behalf as absolutely entitled to the participation and all the rights of such subscriber under this Agreement and to receive on his behalf and give a valid receipt for such certificate as mentioned in Clause 12 hereof and all bonds securities and moneys (but not the said bonus in common stock of the Company) receivable in respect of the participation of such subscriber in the Syndicate until they shall receive notice from such bank that the subscriber has repaid such advances to the bank with interest.

16. The Managers shall have the sole direction and management and conduct of the operations of the Syndicate and may on behalf of the Syndicate consent to or approve any modification of the said proposed scheme of reorganization of the McCall Company which may be found necessary or be desirable for enabling the said scheme to be carried through and the Company to be formed and acquire the properties and issue bonds charged thereon or to concur in the substitution for such scheme or any other similar scheme and may on behalf of the Syndicate take or concur in taking any steps or proceedings necessary or desirable for the purposes of carrying through the said scheme or any such substituted scheme and may settle or approve on behalf of the Syndicate the form and nature of the bonds of the Company and of the trust deed securing the same and of the said voting trust to be created of the common

stock of the Company and the documents constituting the same and the voting trust certificates and generally may on behalf of the Syndicate do or concur in doing any act or thing in connection with the matter which they would or might have done on their own behalf if they had been the sole subscribers to the Syndicate. The Managers may also on behalf of the Syndicate borrow money on such terms as they may deem expedient for the purpose of carrying out the said Agreement with the said J. E. Aldred or for performing any obligation of the Syndicate and may pledge or charge as security for any such loan any bonds or securities of the Syndicate and also the obligations of the subscribers or any of them under this Agreement (provided only that the Managers shall not be entitled to borrow any such moneys in the names of the subscribers or impose any personal liability upon the subscribers or any of them for the repayment of any moneys so borrowed or any interest thereon) and may pay off any moneys so borrowed out of any moneys of the Syndicate.

17. Each of the subscribers hereby irrevocably appoints the Managers until the termination of the Syndicate his attorney and agent either in his own name or in the name of the Syndicate or of the Managers to give all such consents and approvals and do or take any such things or steps as mentioned in the last preceding clause and to receive from the Bank of Scotland all moneys paid thereto by the subscribers or the advancing banks under this Agreement and to subscribe for his participation hereunder of the said bonds of the Company and to accept an allotment thereof and to make all payments in respect thereof and to receive delivery and give a valid discharge for such bonds and the voting trust certificates representing the bonus of common stock payable to such subscriber hereunder and to exercise all rights conferred by any bonds or common stock or voting trust certificates so delivered or otherwise acquired hereunder and to enter into execute and do all arrangements agreements and things deemed expedient or necessary to carry out the subscription or purchase of the said bonds or generally to accomplish the purposes of this Agreement including any sale or pledge of the said bonds in accordance with the provisions herein contained.

18. Subject to the provisions hereinbefore contained as regards those subscribers who avail themselves of the arrangements made by the Managers with the financing banks the respective participations of the subscribers shall not nor shall their respective rights and interests or obligations hereunder be assignable either absolutely or by way of mortgage charge or pledge or otherwise except with the previous sanction in writing of the Managers which they may give upon such terms and conditions (if any) or withhold altogether as

10

they think fit. And the Managers may (if they think fit so to do) absolutely disregard any notice given to them of any such assignment mortgage charge or pledge as aforesaid which they shall not have sanctioned in writing and may continue notwithstanding any such notice to treat the several subscribers as the only persons entitled to any interest in the Syndicate or to give valid receipts and discharges for any certificates bonds securities or moneys issuable to or distributable amongst the subscribers hereunder: Provided that any subscriber may after payment in full of all the instalments payable in respect of his participation charge or pledge his participation or interest hereunder and any certificate issued by the Managers in respect thereof as security for loans made to him thereon and the Managers shall have regard to any such charge or pledge of which they shall receive notice in writing.

19. The Managers shall be chargeable with good faith in the management and conduct of the affairs of the Syndicate but except in the event of their being guilty of want of good faith they shall not be liable for anything done or omitted by them in the performance or intended performance of their duties as Managers of the Syndicate or for any loss damage or injury occasioned to the subscribers thereby or by the exercise or non-exercise by them of any power or discretion hereby vested in them.

20. The Managers will receive further common stock of the Company beyond that required by them for providing the bonuses payable hereunder to the subscribers and they will retain such additional common stock or such part thereof as is not used by them for obtaining subscribers to the Syndicate as their profit and they shall not be accountable therefor to the subscribers. The Managers shall accordingly not be entitled to any remuneration from or to make any charge against the subscribers for forming the Syndicate and acting as Syndicate Managers but all out of pocket expenses of the Managers including legal expenses and all other disbursements made by them in good faith in connection with this Agreement and for carrying out the purposes of the Syndicate (other than any expense incurred in connection with any sale of bonds which expense shall be payable out of the proceeds of sale of the bonds sold as hereinbefore provided) and the rateable proportion of such expenses payable by each subscriber may be deducted by the Managers from any moneys payable by them to such subscriber under any of the provisions hereof.

21. Any notice hereunder may be served on the parties hereto by sending the same through the post in a letter addressed to the Managers at their address

above stated and to the several subscribers at their addresses stated in the schedule hereto and any notice so served shall be deemed to be served upon the day on which it is posted in London.

22. An original of this Agreement shall be signed by the Managers and lodged with the Bank of Scotland on behalf of the subscribers and counterparts thereof may be signed by any one or more of the subscribers and the said original and all such counterparts shall be read together and shall form and be one original instrument.

IN WITNESS whereof the Managers have subscribed an original hereof and the subscribers have subscribed the said original or counterparts thereof as of the day and year first above written.

THE SCHEDULE.

Full name of Subscriber.	Address.	Description.	Amount of participation in Syndicate in \$
			\$ (say dollars)

I the undersigned subscriber do
do not desire to avail myself of the arrangement made with the financing banks as within stated.

I the undersigned do
do not desire to withdraw my Bonds from sale on the terms within stated.

Signature of Subscriber _____

6d.

STAMP.

Witness _____

Address _____

*Certified true copy
J. H. Cullen
16 June*

Montreal Trust Company Underwriting Agreement**AGREEMENT FOR THE PURCHASE OF NEW SECURITIES****TO BE ISSUED PURSUANT TO****"McCALL FERRY POWER COMPANY - PLAN AND AGREEMENT"**

AGREEMENT dated July 27th, 1909, between the Subscribers severally, of the one part, and the MONTREAL TRUST COMPANY, a corporation of the Dominion of Canada, hereinafter called Vendor of the other part.

Reference being made to the "Plan and Agreement" dated May 28, 1909, a copy whereof is hereto attached, issued by the Committee named therein, each Subscriber hereby agrees with Vendor to purchase, at the price and upon the terms hereinafter stated, the aggregate principal amount written after his signature hereto of the Thirty Year First Mortgage Five Per Cent Gold Bonds of the "New Company" described in said "Plan and Agreement," together with 50% of the said amount in the voting trust certificates for stock of said "New Company," also described in said "Plan and Agreement."

The price is to be \$900 and accrued interest, if any, for each one thousand dollar bond together with such voting trust certificates for \$500 par value of stock, and is payable to Vendor at its office in Montreal, Canada, or elsewhere as directed by it, as follows: 10% of such \$900 on August 1, 1909; 15% thereof on October 1, 1909, and the balance in instalments each of which shall not exceed 25% of such \$900 and shall be so payable within thirty days after notice by Vendor calling for payment of such instalment shall have been mailed to the Subscriber at the address written after his signature hereto.

This purchase agreement, however, is made upon the condition that each Subscriber, at or before the delivery to him of the bonds and voting trust certificates agreed to be purchased, shall be paid or credited with interest at 5% upon each instalment of purchase price paid by him from the date of payment thereof to the date of payment or credit of such interest.

Appropriate receipts of Vendor, negotiable as therein provided, will be issued for all payments by Subscribers. No assignment, transfer or other disposition of any such receipt shall discharge or diminish any obligation of any Subscriber hereunder.

The Subscribers severally authorise Vendor, at any time prior to the issue of such bonds of the "New Company", to loan or advance to the Committee under said "Plan and Agreement" all or any of the moneys received from Subscribers in payment of instalments hereunder, and any interest moneys received by Vendor, taking for such loans or advances the obligations of said Committee, as such, as authorised by said "Plan and Agreement", such obligations to bear interest at 5%, to mature not later than January 1, 1910, and to be secured either by pledge of Receivers' certificates, of amount equal to the amount of such loans or advances, and such certificates to be under court order making them a lien on the property covered by the present mortgage of the said McCall Ferry Power Company prior to at least eighty-five per cent of the outstanding bonds secured by said mortgage,

or by pledge of said present bonds of the said McCall Ferry Power Company, provided that not less than \$100 in aggregate principal of such bonds shall be so pledged to secure each \$20 so advanced, and that not less than 85% of all of said bonds outstanding shall be so pledged to secure such obligations of said Committee to Vendor and its similar obligations, if any, to others.

Vendor may accept as conclusive the written statement of a majority of said Committee as to any matter involved in the foregoing paragraph hereof.

The Subscribers intend their agreements herein stated to be relied upon by said Committee in carrying out the said "Plan and Agreement", and understand that arrangements have been or will be made by said Committee with Vendor to furnish to Vendor for the net purchase price thereof hereunder the bonds and voting trust certificates hereby agreed to be purchased, upon or before the complete carrying out of said plan; but in case said "Plan and Agreement" should not be carried out so as to provide said Committee with such bonds and voting trust certificates, the subscribers will accept in full discharge the delivery to them proportionately of all obligations and security received by Vendor for loans or advances made as hereinbefore authorized, and the return to them proportionately of all moneys received by Vendor hereunder and not so loaned or advanced by Vendor.

The words "said Committee" as used herein mean the Committee under said "Plan and Agreement" as at any time constituted. No partnership or joint relation of any kind results from this agreement, nor does Vendor assume any fiduciary relation or any obligation to cause the said "Plan and Agreement" to be carried out. Signatures to this agreement, though made upon different papers, shall be deemed signatures of one agreement, and Vendor may be a Subscriber.

NAME

AMOUNT

ADDRESS

Final Plan and Agreement for Deposit of Bonds

62 CEDAR STREET,

NEW YORK, May 28th, 1909:

To the Holders of

First Mortgage Bonds and Preferred Stock of

MCCALL FERRY POWER COMPANY:

The undersigned Committee, appointed by the "Preliminary Agreement" dated December 7, 1908, submit the enclosed "Plan and Agreement," having made arrangements whereby, if such plan is promptly adopted with substantial unanimity, the "new money" called for thereby will be supplied by others without requiring any contribution from the bondholders. The plan has been approved by holders of a large amount of the bonds. The following is an outline of the

PLAN

Either the present Company readjusted or a new company—such company, new or old, to be named SOUTHERN PENNSYLVANIA POWER COMPANY, or other appropriate name—to be capitalized and to issue bonds and stock as follows:

Bonds:	First Mortgage Thirty-Year Five Per Cent. Gold Bonds, authorized.....	\$12,500,000	
	For use in obtaining the "new money" by sale at 90, with stock as shown below, not to exceed.....	\$4,250,000	
	To go to present bondholders as hereinafter stated, 40% of par of the present bonds..	3,330,000	7,580,000
	Leaving in Treasury, at least.....		\$ 4,920,000
Stock:	Authorized stock, all of one class.....		\$ 8,500,000
	To go with the new bonds sold at 90.....	\$3,500,000	
	To go to the present bondholders, 60% of par of the present bonds.....	4,995,000	8,495,000
	Leaving in treasury.....		\$5,000

Holders of McCall Ferry Power Company First Mortgage Bonds to receive 40% of the principal of such bonds in the new bonds and 60% thereof in voting trust certificates for the new stock; all such new stock to be deposited under a

voting trust terminating November 1, 1912, when the certificates will be exchangeable for the stock—the voting trust to provide for three voting trustees, two to be nominated by those furnishing the “new money” and one by the Committee, successors, if any, to be nominated by the same interests respectively.

The principles of this Plan may be stated summarily as follows: A first lien bond issue to be created sufficient to provide the “new money” required by the Plan, to give the present bondholders 40% of their present bonds in such new bonds and to leave in the treasury, to be issued hereafter only under proper safeguards and restrictions, a further amount deemed sufficient for what are likely to become in the future desirable capital expenditures for the Company; parties not interested in the enterprise at present to agree to take \$4,170,000 of the new bonds at 90 (\$80,000 more to be for like use at the discretion of the Committee), and with this amount are to receive \$3,500,000 of stock; present bondholders to receive 40% of their bonds in new bonds and 60% of their bonds in new stock—the total stock so to be received amounting to nearly three-fifths of the whole issue thereof; the present preferred and common stock of McCall Ferry Power Company to have no share in the new issues.

The amount of “new money” to be raised under the Plan has been fixed through conference with those who are to furnish it at a figure deemed by them sufficient—after providing for all expenditures of the Committee under the powers of said Plan and Agreement—to so far complete the enterprise that its operation so completed will, as they estimate, make earnings sufficient to pay all bond interest and leave a substantial surplus. They also estimate that the further construction for which the treasury bonds are reserved will result in large additional earnings. They have had experience in the successful management of similar enterprises, and the Committee have confidence in the efficiency of their management of this one.

Accordingly, as provided by said Preliminary Agreement, Depositors thereunder are hereby notified that printed copies of said Plan, embodied in an appropriate agreement, have been lodged with the Knickerbocker Trust Company, No. 86 Broadway, New York, and the City Trust Company, No. 50 State Street, Boston, the Depositaries under said Preliminary Agreement, and a copy of said Plan and Agreement is enclosed herewith; and such Depositors are further notified, in accordance with the provisions of said Preliminary Agreement, that, unless they withdraw their deposits, or cause them to be withdrawn, on or before July 1st, 1909, they will be bound by the enclosed Plan and Agreement with like effect as if they had executed the same.

The successful carrying through of the Plan depends, however, to a large extent, and the early resumption of the work depends entirely, upon the *prompt* acceptance of the Plan by a large proportion of the bondholders. Accordingly, the Committee urges all bondholders who approve the Plan to become parties to said Plan and Agreement immediately by depositing, or causing the deposit of, their bonds and preferred stock *at once* with one of said Depositories. Those holding Certificates of Deposit under said Preliminary Agreement should surrender them in exchange for Certificates of Deposit under said Plan and Agreement; and those whose bonds and stock are pledged should arrange with the pledgees for the deposit thereof.

WILLIAM M. BARNUM,
A. C. BEDFORD,
S. READING BERTRON,
CHARLES A. COFFIN,
GARDINER M. LANE,

Committee.



McCALL FERRY POWER COMPANY,**PLAN AND AGREEMENT.**

Agreement, made this 28th day of May, 1909, between WILLIAM M. BARNUM, A. C. BEDFORD, S. READING BERTRON, CHARLES A. COFFIN, and GARDINER M. LANE (hereinafter called the Committee), and the holders of first mortgage bonds and preferred stock of McCall Ferry Power Company becoming parties hereto (hereinafter called Depositors).

WHEREAS, additional funds are required to complete for operation the plant now of the McCall Ferry Power Company, and the Committee has prepared the following:

PLAN.

1. A new company—the term “New Company” being used herein to mean either the present company or any other that may be used—is to be vested with the properties of the present company and with cash as hereinafter stated, and will have authorized bonds and stock as follows: Thirty-Year First Mortgage Five Per Cent. Gold Bonds, \$12,500,000; Stock, all of one class, \$8,500,000; of which bonds at least \$4,920,000 are to be in the treasury of the New Company after the Plan is carried out.

2. The holders of the bonds of the present company who become parties to this Plan and Agreement and perform the obligations thereof will receive in exchange for their present bonds 40% of the principal thereof in such bonds and 60% of such principal in negotiable voting trust certificates for such stock of the New Company, all such new stock to be deposited under a voting trust terminating November 1, 1912, when the voting trust certifi-

cates will be exchangeable for the stock—the voting trust to provide for three voting trustees, two to be nominated by those furnishing the new money, and one by the Committee, and their successors to be nominated in the same interests respectively.

3. From \$4,170,000 to \$4,250,000 of such bonds, and \$3,500,000 of such stock of the New Company are to be for sale at a price to realize 90 per cent. of the principal of the bonds.

4. The disposition of the securities of the New Company, in accordance with the foregoing, is indicated in the following table:

<i>Parties.</i>	<i>Bonds.</i>	<i>Stock.</i>
To those furnishing the new money (\$3,753,000, at least).....	\$4,170,000	\$3,500,000
To holders of the present bonds (\$8,325,000)* 40% in new bonds and 60% in new stock.....	3,330,000	4,995,000
	\$7,500,000	\$8,495,000

* Certain additional bonds outstanding in pledge are not included, as they will be discharged from pledge and cancelled in carrying out said Plan and Agreement.

5. The Committee may cause fractional scrip to be issued to those entitled to fractional amounts of bonds or stock.

NOW, THEREFORE, THIS INDENTURE WITNESSETH:

FIRST.—William M. Barnum, A. C. Bedford, S. Reading Bertron, Charles A. Coffin and Gardiner M. Lane agree to act as the Committee.

SECOND.—All holders of bonds or of bonds and preferred stock of the McCall Ferry Power Company, becoming parties hereto, hereby assent to said Plan and agree to forthwith deposit, or cause the deposit of, their bonds and

preferred stock with the Knickerbocker Trust Company, No. 66 Broadway, New York, or with the City Trust Company, No. 50 State Street, Boston (hereinafter called the "Depositories"), it being understood that the receiving Depositary shall, upon such deposit, issue Certificate or Certificates of Deposit evidencing the same, which Certificates shall be transferable, and shall entitle the holder to receive new securities in accordance with said Plan, or to receive back the bonds and stock deposited, as hereinafter provided. All certificates for stock shall be properly endorsed in blank for transfer. The mere deposit of any bonds or bonds and stock with one of the Depositories shall operate to make the depositor a party to this agreement, and shall, operate as a transfer of the bonds and stock so deposited to the Committee or its successors, and shall empower the Committee to exercise all the powers herein given.

THIRD.—The holders of said bonds or bonds and stock, parties hereto, hereby severally vest in said Committee, under the terms of this agreement, as trustee of an express trust, the legal title to all bonds and stock deposited or caused or agreed to be deposited by them respectively and give the Committee full power to do all things in the Committee's judgment necessary or proper to carry out said Plan, including power:

(a) at their discretion to acquire, or not to acquire, at public or private sale or otherwise the whole or any part of the properties of the McCall Ferry Power Company, including any on which it holds options, and to use deposited bonds, or any thereof, or any other resources, in such purchase or acquisition;

(b) to act for the Depositors in presenting coupons for payment, in requesting or instructing or otherwise moving the trustee under the mortgage securing said bonds with respect to action thereunder, and also to act for them in or in re-

spect to any action which may be brought for the foreclosure of said mortgage or in any other action which may be brought which in any way affects or may affect the rights and interests of the Depositors; to receive and receipt for any money to which said bonds or stock shall be at any time entitled; to execute and deliver any requests, consents, waivers or other writings—including consents to issuing Receivers' Certificates prior, or not, in lien—which it may seem to the Committee necessary or desirable to file in any Court or office or with the Trustee under said mortgage or elsewhere;

(c) to employ such agents, attorneys and counsel as the Committee deem best, to represent and act for, or authorize representation of and action for, the Depositors, or any of them, in any Court or elsewhere, with respect to all rights and interests in any way affecting said bonds or stock;

(d) so far as deemed expedient by the Committee, to contract, or otherwise provide, for the purchase, compromise, adjustment or payment, in full or in part, of any indebtedness of the McCall Ferry Power Company, or of any Receiver's certificates that may be liens on any of the mortgaged property, or for the extension of any such indebtedness as the obligation of the New Company, or for the redemption from pledge of any property or securities directly or indirectly belonging to said McCall Ferry Power Company;

(e) to sell, contract for the sale of, or otherwise dispose of, any new bonds and stock not required for the Depositors or reserved for the treasury under said Plan, and to contract for underwriting with respect thereto, and, in con-

nection with any such contract for underwriting, to pay a reasonable commission therefor; any member or members of the Committee, or any persons or corporations who may be associated with or represented by them, to have the right to join in any such sale or contract.

(f) to borrow money in order to raise any cash required to pay the expenses of the Committee or to make any cash payment required upon any foreclosure or other sale, or to carry on any construction or other work, or purchase any property deemed necessary, or to enable the Committee to do any of the other things which they may be authorized to do, or generally for any purpose which the Committee may deem necessary or expedient in order to carry out said Plan; the Committee being hereby expressly authorized to pledge for the repayment of any or all sums so borrowed, any or all of the deposited bonds or stock, and any or all assets acquired by them, and any or all of the bonds or stock of the New Company received by them under said Plan and not specifically appropriated by the Plan or taken by the parties entitled thereto; but no Depositor shall be liable personally for or upon any debt of the Committee;

(g) to cause the new Company to be organized in such manner and with such powers as the committee may deem proper, or to adapt and use an existing company as such "New Company" and to fix the terms of its bonds and the mortgage securing the same, subject to the provisions of said Plan; to determine all questions pertaining to the management, operation or disposition of any property acquired by them until the New Company shall be organized and in possession and control of said property; to make such construction, im-

provements or repairs as they shall deem expedient, and to make such contracts in regard thereto as the New Company might make if already organized and in operation; and to cause the provisions of said Plan in respect to a voting trust and voting trust certificates to be carried out;

and generally to exercise all the powers of owners and holders of said bonds and stock, including power to vote at any meeting of bondholders, creditors or stockholders, and to use the same as the Committee may deem expedient in carrying out said Plan; the statement of particular powers herein not to limit the Committee from or in the exercise of any power which, in their judgment, may be desirable in accomplishing the purposes of said Plan and Agreement; nor shall the Committee be restricted in or in respect to dealing, under any of its powers, with or in respect to any property, security or indebtedness, by reason of any interest in any thereof of any member of the Committee or of any firm or corporation in which a member is interested; it being expressly agreed by all Depositors that the methods to be adopted for carrying out said Plan and Agreement are to be determined from time to time by the Committee in their sole discretion, and that the Committee shall have the right at any time to change any such determination should their judgment be changed by subsequent developments.

FOURTH.—Whatever shall be acquired in any way by the Committee under this agreement shall be acquired by them as joint tenants, and not as tenants in common, so as to remain the property of the said Committee, however the members thereof may be changed. The members of the Committee shall have reasonable compensation for their services from this time in carrying out said Plan, the amount of such compensation, however, to be subject to the approval of the Board of Directors of the New Company. Any member of the Committee may be

come a party hereto as a Depositor. Any member of the Committee may resign by writing addressed to the Committee. By appointment in writing signed by a majority of the Committee, additional members thereof may be appointed, and vacancies therein, occurring by death, resignation or otherwise, may be filled. The Committee may act by a majority thereof either at a meeting or in writing without a meeting. Any member may vote or act by proxy appointed in writing, who may be another member of the Committee or any other person approved by a majority of the Committee. No member of the Committee shall be liable for the act or omission of another member, nor shall the Committee or any member thereof, or either of the Depositories be liable for the act or omission of any agent or employe selected in good faith, or in any case except for its or his own willful misconduct.

FIFTH.—The Committee may construe this agreement, including said Plan, and their construction thereof, or action thereunder, in good faith, shall be final and conclusive; they shall have power to determine, and to act according to their judgment in, all matters not specifically provided for herein but within the general purpose set out in said Plan, and shall also have power to modify said Plan in any matter of detail not affecting the substantial rights of the other parties hereto.

SIXTH.—Holders of bonds or bonds and preferred stock of the McCall Power Company may become parties hereto at any time on or before July 1st, 1909, or such later date or dates as the Committee may fix, by signing this agreement, which it is understood may be signed in any number of parts, or by depositing, or causing the deposit of, their bonds or bonds and stock without such signing as above provided.

SEVENTH.—The Committee shall not be required to take any action in the interest of any of the stock de-

posited hereunder, nor shall it be under any obligation whatever to any holder of bonds or stock not a party to this agreement.

EIGHTH.—In case the Committee should at any time decide that it is not, for any reason, to the interest of the Depositors to carry out the said Plan, they may either

(1) declare this agreement terminated, in which case all bonds and stock deposited hereunder shall be delivered and transferred to the several holders of Certificates of Deposit upon surrender of said Certificates, and upon payment of their due proportion of the obligations already incurred, to be determined by the Committee; or

(2) file a new agreement with the Depositories, mail a copy of the same in a postpaid wrapper to each Depositor to the address, if any, filed with either of the Depositories, or, if no such address has been so filed, then to the address last known to the Committee, whereupon the Depositors shall have the right, within twenty days after the copies of such new agreement shall have been so mailed, to withdraw their bonds and stock upon payment of their due proportion of the obligations already incurred, to be determined by the Committee, and in the event of failure to so withdraw within such twenty days, every Depositor so failing shall be deemed to have assented to and ratified such new agreement, and such assent and ratification shall be deemed final and irrevocable.

NINTH.—In case the Committee shall deem it desirable or proper to give any notice to the Depositors or any of them, such notice shall be deemed to have been given if mailed in writing to such Depositors at the addresses, if any, filed in writing with a Depository for the

purpose; or when no such address has been so filed, then to the address last known to the Committee.

TENTH.—Acceptance of new bonds and stock by any Depositor shall estop such Depositor from questioning the conformity thereof, as to character or otherwise, to any provision of this Plan and Agreement.

ELEVENTH.—After the reorganization shall have been completed, and all debts and liabilities incurred in connection therewith shall have been paid or discharged, all moneys, securities and other property not used or required for any of the purposes herein authorized and remaining in the hands of the Committee, are to be transferred to, or held for the benefit of, the New Company, under appropriate agreements for the protection and indemnity of the Committee.

TWELFTH.—Originals of this agreement are to be lodged with said Knickerbocker Trust Company of the City of New York, and with said City Trust Company of Boston, where they may be inspected by Depositors. This instrument may be signed in several parts with the same effect as if all signatures were hereon.

Upon transfer of any Certificate of Deposit the transferee shall succeed to all the rights of the prior holder and be subject to all the provisions hereof. The word "Depositors" herein includes the holders of record of the Certificates of Deposit issued hereunder outstanding at the time in question. The Committee and the Depositaries may treat the holder of record of each Certificate of Deposit as the absolute owner thereof.

The Depositaries shall severally hold and dispose of, subject to the order of a majority of the Committee, the bonds and certificates of stock deposited with it, and, in acting as Depositaries hereunder, act respectively as agents for, and are answerable to, the Committee alone.

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A writing signed by a majority of the Committee shall be sufficient evidence to the Depositories of any action of the Committee stated therein.

IN WITNESS WHEREOF, the parties of the first part (members of said Committee) have hereunto signed their names, and the various depositors, parties of the second part, have hereunto signed their names and written opposite thereto the amount of bonds and stock deposited by them, respectively, or have deposited, or caused the deposit of, their bonds and stock, the day and year first above written.

WILLIAM M. BARNUM,
A. C. BEDFORD,
S. READING BERTRON,
CHARLES A. COFFIN,
GARDINER M. LANE.

Protest of Sanderson & Porter Against Final Plan

EDWIN N. SANDERSON
H. HOBART PORTER
FRANCIS BLOSSOM
RICHMOND TALBOT
RICHARD S. BUCK
WYNN MEREDITH

CABLE ADDRESS SANDP

SANDERSON & PORTER

ENGINEERS AND CONTRACTORS

62 WILLIAM STREET
NEW YORKUNION TRUST BUILDING
SAN FRANCISCO

June 25th, 1909.

TO THE HOLDERS OF THE FIRST MORTGAGE BONDS AND PREFERRED STOCK OF THE
McCALL FERRY POWER COMPANY.

Gentlemen.—Referring to the Circular and Plan of Agreement dated May 28th, 1909, sent by the Committee to the holders of the First Mortgage Bonds and Preferred Stock of the McCall Ferry Power Company, we desire to advise you that, after a careful consideration of the entire subject, including an analysis of the financial plan therein submitted, we are of the opinion that the adoption of the Plan proposed is not to the best interest of the holders of such securities.

The Plan presented under date of May 28th will bind all depositors under the Preliminary Agreement of December 7th, 1908, unless they withdraw their securities before July 1st, 1909.

Under the plan proposed, the present bondholders will become the majority stockholders but control of the Company will be in the hands of those furnishing the new money until at least November 1st, 1912, since the Plan calls for a Voting Trust of three members, two of whom are to be nominated by those furnishing the new money.

The Committee's Plan presents a financial scheme which is inequitable as shown below and may prove disastrous to the interests of the present security holders. Such Plan gives no information as to essential questions of construction, future financing and financial management.

While the Committee states that those furnishing the new money have had experience in the successful management of similar enterprises, no information as to the personality of these parties is given in the Circular nor is any assurance offered that the financial management entailed by this Plan is experienced or that ample capital will be available if the funds now to be provided prove inadequate to properly complete the plant and deliver the power to market, in which case a further re-organization may be necessary in the near future which might practically wipe out the original bondholders.

The present bondholders have furnished \$7,492,000 in cash for which, under the proposed plan of re-organization, they will receive \$3,330,000 par value in bonds and \$4,995,000 par value in stock, thus paying therefore 90 per cent. of their combined par value, whereas those furnishing the new money will secure bonds at 90 per cent. with about 90 per cent. bonus in stock, thus paying therefor less than 50 per cent. of their combined par value.

As a result the new securities must sell at a price which will show a profit of \$3,500,000 to those who have advanced \$3,800,000 of new capital before the present bondholders can realize enough from the sale of their securities to equal their original investment.

Under the Plan no opportunity is given to the present bondholders to participate on any basis in the furnishing of the new capital which would seem to clearly indicate that those proposing to furnish such capital believe that they have negotiated a very profitable bargain.

We have been informed that a tentative plan was suggested to and rejected by some members of the Committee by parties who were willing to purchase sufficient first mortgage bonds to complete the property to a capacity of 60,000 H. P., which plan contemplated an issue of cumulative preferred stock to be offered to the present bondholders in exchange for their bonds, par for par.

We believe that it is still possible to form a syndicate which would purchase sufficient first mortgage bonds of a new issue to insure completion of the property in the best manner, provided the present first mortgage bondholders would agree to convert their bonds into 5 per cent. cumulative preferred stock par for par, with a participation in the new common stock, such syndicate to offer to the present bondholders the privilege of subscription. It is believed that if a reasonable time be given such a plan can be perfected and an offering on substantially the above lines can be made to the present security holders.

Construction work on the development of the McCall Ferry Power Company, other than some excavation in the tail race has been suspended since the fall of 1907, and while we have taken as yet no active part in the construction work, we have been retained as engineers since its inception, and are familiar with the conditions and we are convinced that the season is now so far advanced that the work of construction can not be completed during the present low water season even if funds were immediately available, and that another year must in any event elapse before completion. We feel, therefore that the interests of the present bondholders and of the Company will not be jeopardized by taking the time required to formulate a plan on the lines indicated above.

We have withdrawn our bonds, believing that this course is in the best interests of the security holders, and we urge that you do likewise.

Yours very truly,

SANDERSON & PORTER.

**Bondholders Committee's Reply to Protest of
Sanderson & Porter**

62 CEDAR STREET,

NEW YORK, June 28th, 1909.

To the Holders of

Bonds and Preferred Stock of

MCCALL FERRY POWER COMPANY:

The undersigned Committee comments as follows upon the letter to you of Messrs. Sanderson & Porter, dated June 25, 1909.

Messrs. Sanderson & Porter urge you to reject this Committee's plan with the expectation that, later on, some one may present a plan similar to a tentative one which, they say, they "have been informed was suggested to and rejected by some members of the Committee." They were ~~misinformed~~. Suggestions of a plan were made to the Committee by those to whom Messrs. Sanderson & Porter must allude, but after considerable negotiation were entirely withdrawn.

The Committee has believed that a majority of the bondholders prefer a plan not calling upon them to furnish the further money necessary. Those who have agreed to provide this money stated at the outset that their purpose would be not to organize a mere underwriting syndicate, but, if taking it up at all, to obtain subscriptions for investment in the enterprise and to undertake its management during at least the period of the voting trust, and that they did not care to solicit subscriptions which would be conditional upon the prior exercise of the right to subscribe by others. This has not seemed unreasonable to the Committee.

When the Committee's circular was issued there were reasons, which do not now apply, deemed sufficient for not naming the persons who agreed to furnish the new money and undertake the responsibility of management. The leader of the party is Mr. J. E. Aldred, of Montreal, who is the President of the Shawinigan Water and Power Company, which has been, in the opinion of competent judges, ably and successfully managed; and Mr. Aldred has largely associated with him in the McCall Ferry matter his English and Canadian associates in the Shawinigan enterprise.

As to the sufficiency of the provision for additional funds under the Committee's plan, the Committee has nothing to add to what it said in its circular except—what was to be inferred therefrom—that it believes that this substantial amount of money would not be offered for investment in this enterprise unless those offering it were very confident of its sufficiency to complete a plant capable of making satis-

factory earnings ; and it believes further that the experience and standing of those making the offer justify the confidence of others in their convictions in this respect. Their prospect of profit from the enterprise lies in the stock, and of this the present bondholders are to receive the greater part. Moreover, the "tentative plan" to which Messrs. Sanderson & Porter allude, was substantially the same as the Committee's plan in its provision of further funds.

The Committee, without motive or inducement other than to act in the interests, and according to what they suppose to be the wishes, of the bondholders, a very large majority of whom have appointed them to do so, after extended negotiations in various directions and mature consideration, with entire unanimity, made the arrangement for carrying on the enterprise set forth in the Circular and Plan and Agreement, and the Committee believes it to be to the interest of the bondholders to adopt the plan at once. If they do not do so in sufficient numbers the agreement to furnish the additional money will be discharged.

The Committee does not request or urge the bondholders to adopt the arrangements made for them. It does, however, urge them, to consider the matter very carefully before withdrawing their deposits under the Preliminary Agreement and so forfeiting the opportunity offered by the Committee's plan for the prompt carrying on of the enterprise.

WILLIAM M. BARNUM,

A. C. BEDFORD,

S. READING BERTRON,

CHARLES A. COFFIN,

GARDINER M. LANE,

Committee.